

# MASARYK UNIVERSITY

**Faculty of Economics and Administration**

## **Human Resource Management** **Presentation Topic:**

### **Downsizing**

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# Downsizing

Downsizing is defined as a set of activities undertaken on the part of the management of an organisation and designed to improve organisational efficiency, productivity, and/or competitiveness (Cameron, 1994, p. 192).

# CAUSES OF DOWNSIZING

- **Economic crisis**
- **Automation**
- **Change in Strategy**
- **Merger and Acquisition of companies**
- **Excessive workforce**

# POSITIVE EFFECTS OF DOWNSIZING

- Financial stability
- Competent performance culture
- Restructure workforce and expansion

# NEGATIVE EFFECTS OF DOWNSIZING

- Reputational loss
- Loss of talent and knowledge
- Reduction in service quality standards
- Legal issues

# SOLUTIONS TO DOWNSIZING

- Reduction in number of working hours
- Job sharing
- Retaining and re-training talents
- Early Retirement incentives
- Mandatory Furloughs
- Boosting confidence in remaining workforce

# CONCLUSION

Downsizing plays an integral part to improve performance by scaling down the workforce and sustain during unfavorable economic and financial conditions, which may have some consequences. Management can adopt several alternatives to create a win-win situation for effective employee relations and achieve organizational objectives.

